

CalSTRS

Investment Committee
Monthly Status Report
From the

**CHIEF INVESTMENT
OFFICER**

Christopher J. Ailman



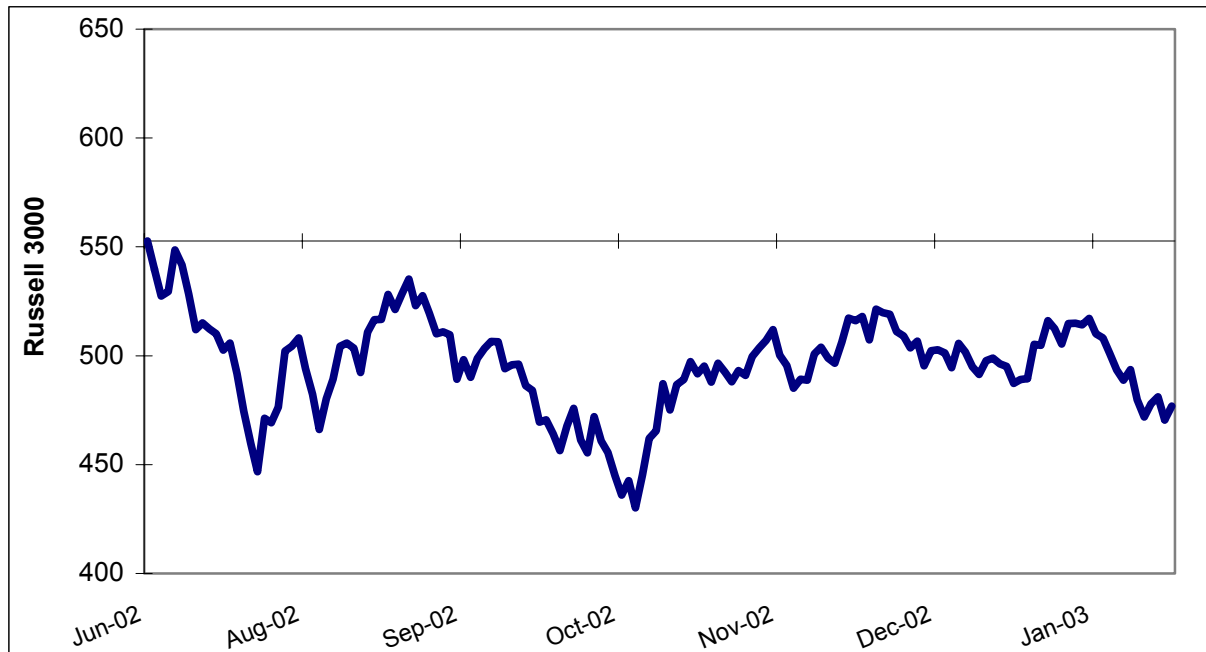
Chief Investment Officer Report for the
March 5, 2003, Investment Committee Meeting.

Attached are the monthly reports for the period ending January 31, 2003. Listed below is a brief summary of the developments that have occurred in the financial markets through the first half of the fiscal year. They serve as a backdrop for the results listed in the report.

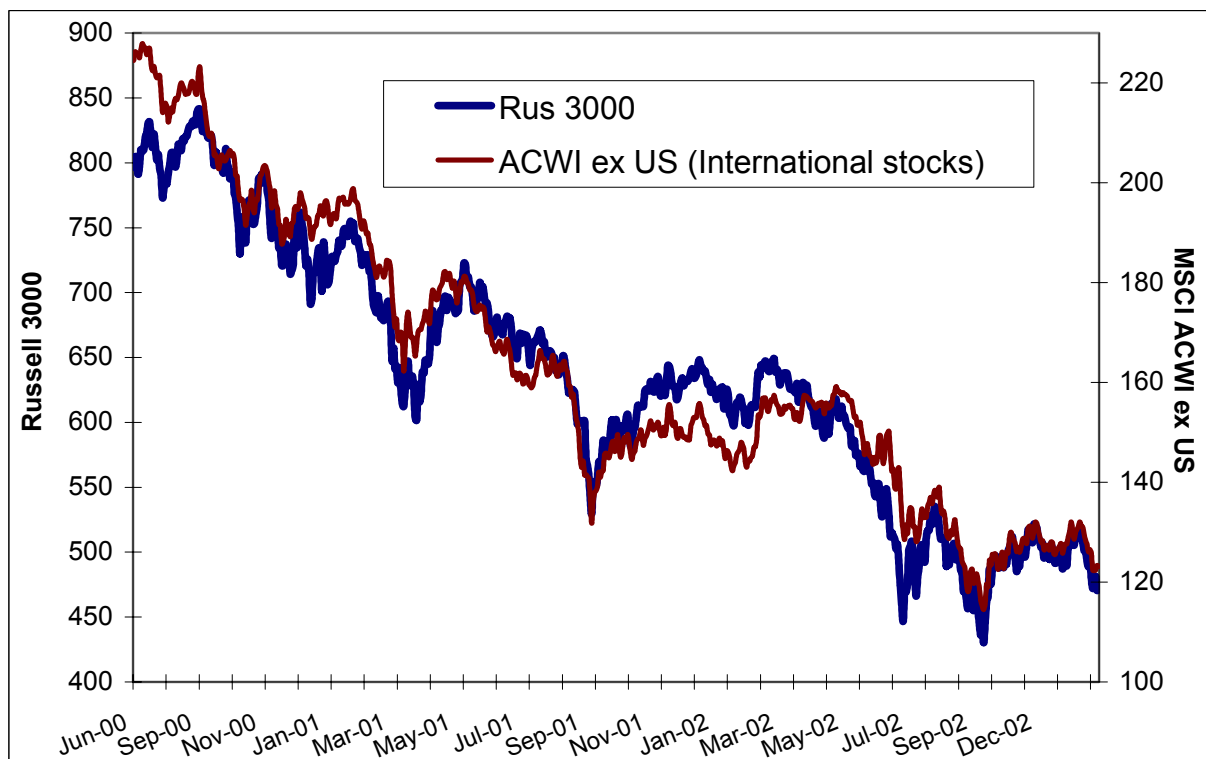
The second page provides a daily graph of the U.S and Non-U.S. equity markets. The remaining pages of the report are generated by the Investment Operations team to assist the Committee in the oversight and monitoring of the Fund. The CIO will also provide a further verbal update at the meeting on the status of the investment fund and various issues.

	June 30, 2002	Jan. 31, 2003	Direction
Interest rates:			
Federal Funds	2.00%	1.25%	↓ Fed Ease
10-year U.S. Treasury Note yield	4.80%	3.96%	↓ Down 84 BP
30-year U.S. Treasury Bond yield	5.50%	4.84%	↓ Down 66 BP
U.S. Equity market:			
Russell 3000 Index	552.65	476.91	↓ Down 75.74
S&P 500 Index	989.82	855.70	↓ Down 134.12
NASDAQ Index	1463.21	1320.91	↓ Down 142.30
Non-U.S. Equity market:			
MSCI ACWI free (ex. U.S.)	149.24	123.07	↓ Down 26.17
MSCI EAFE	1123.00	912.39	↓ Down 210.61
MSCI Emerging Markets	319.75	290.44	↓ Down 29.31
Currencies:			
Euro in U.S.\$.99	1.08	↓ Weaker U.S. \$
Yen per U.S. \$	119.59	119.87	↕ Trading range
British Pound in U.S.\$	1.48	1.64	↓ Weaker U.S. \$
Commodities:			
Crude Oil per barrel	\$26.86	\$33.51	↑ Up \$6.65
Gold	\$318.50	\$367.50	↑ Up \$49.00
Mega Watt Hour (CA-OR on-peak)	\$23.38	\$45.13	↑ Up \$21.75

The chart below displays the daily price movement of the U.S. equity market, as measured by the Russell 3000 index, for the first half of the current Fiscal-Year 2002-2003.



This chart provides a comparison of the daily U.S. and Non-U.S. equity market price change since June 30, 2000. Note the tight correlation of the global markets over the past 2 ½ years.





CalSTRS INVESTMENT COMMITTEE

Chief Investment Officer Report

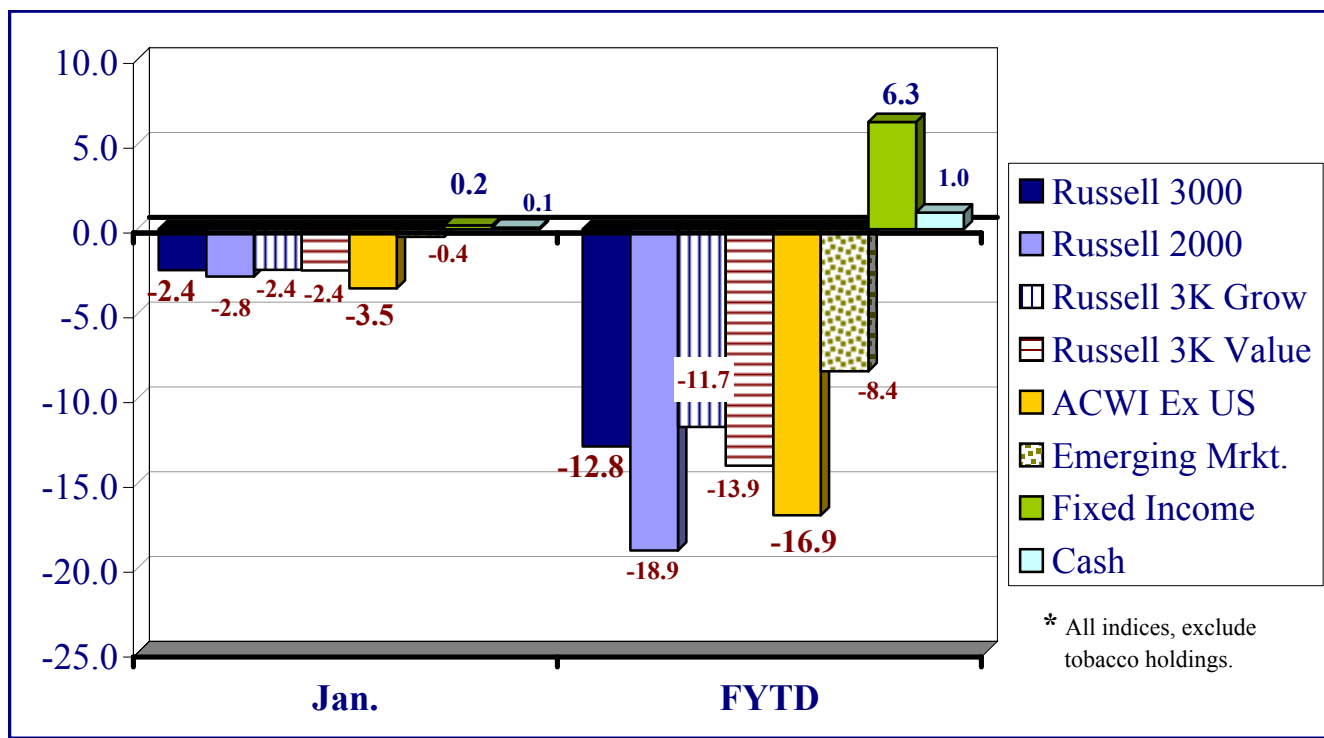
Capital Market Environment

January 31, 2003

Russell 3000 January 1, 1999 - January 31, 2003 (Weekly Price)



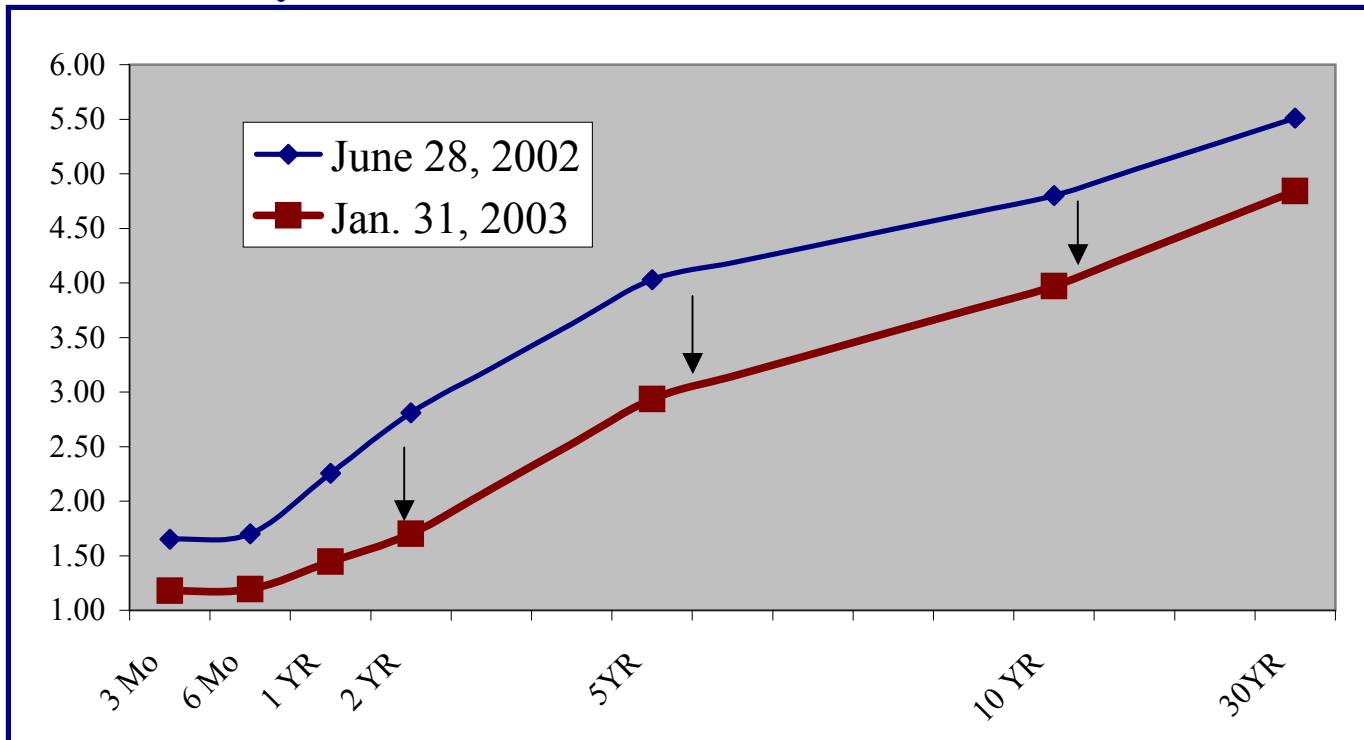
Capital Market Returns - Month of January and the Fiscal Year to date



Capital Markets Data

U.S. Treasury Yield Curve

Fiscal Year 2002 - 2003

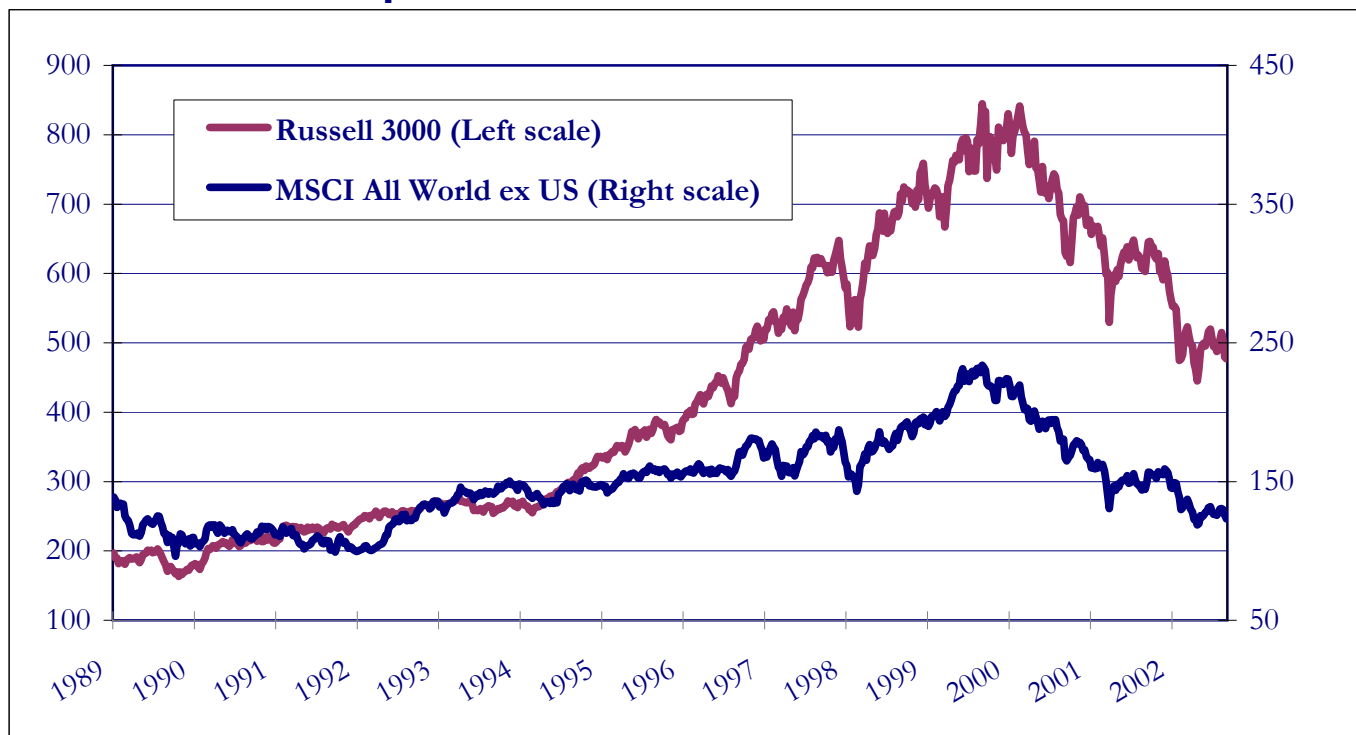


Russell 3000 Weekly close from January 1995 to January 31, 2003

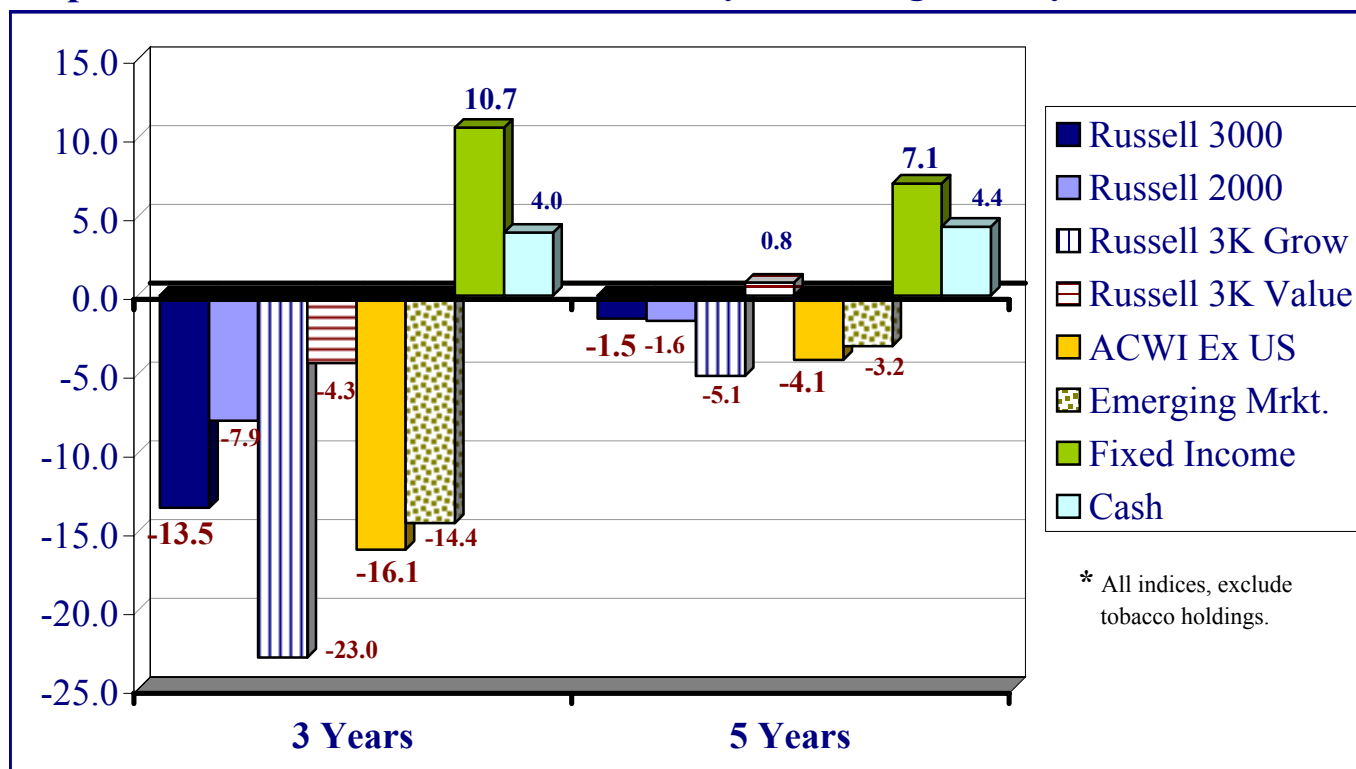


Review of Long-Term Capital Markets Data

US and Non-US equities since the 1990's



Capital Market Returns - For the 3 & 5 years ending January 31, 2003



California State Teachers' Retirement System
Investment Summary
For the Period ended January 31, 2003

Investment Summary - Market Value (amounts in millions)												
Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago					
US Equity	\$	34,376	38.2%	\$	39,954	40.1%	\$	45,464	42.7%	\$	31,484	39.1%
Non-US Equity		17,620	19.6%		20,308	20.4%		28,569	26.8%		16,076	20.0%
US Debt		26,266	29.2%		28,120	28.2%		25,320	23.8%		26,075	32.4%
Global Asset Allocators		N/A	N/A		N/A	N/A		N/A	N/A		2,375	2.9%
Real Estate		4,273	4.8%		5,185	5.2%		2,656	2.5%		2,004	2.5%
Private Equity		4,470	5.0%		4,388	4.4%		3,324	3.1%		1,771	2.2%
Liquidity		2,932	3.3%		1,628	1.6%		1,179	1.1%		739	0.9%
Total Market Value	\$	89,937	100.0%	\$	99,583	100.0%	\$	106,512	100.0%	\$	80,524	100.0%

Performance Returns for Major Asset Categories						
Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
US Equity	-2.44	-12.56	-21.81	-13.22	-1.27	8.05
Non-US Equity	-4.03	-17.03	-13.99	-15.69	-3.01	4.33
US Debt	0.10	8.05	10.31	10.97	7.39	8.12
Real Estate	N/A	N/A	7.38	10.24	13.15	8.05
Private Equity	N/A	N/A	-6.44	3.21	11.69	17.68
Liquidity	0.20	1.72	2.85	5.10	5.45	5.42
Total Fund	-1.68	-6.52	-9.12	-5.56	2.20	6.84
Indicies						
US Equity History *	-2.41	-12.80	-23.03	-13.69	-1.61	8.39
Non-US Equity History *	-3.49	-16.87	-14.15	-16.12	-4.08	3.71
US Debt History	0.18	8.46	11.20	11.39	7.54	8.07
Real Estate History	N/A	N/A	5.82	8.87	10.90	8.64
T-Bill	0.11	0.93	1.66	3.79	4.23	4.48
Consumer Price Index	-0.22	0.34	1.93	2.26	2.24	2.39

Allocations of Cash and Reallocations of Assets (does not include changes in the market value)		
	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	\$ 497.7	\$ 5,030.1
Less: Benefits & misc. payments	\$ (816.9)	\$ (5,293.9)
Investment Income	\$ 236.2	\$ 4,554.5
Total Cash Inflow	\$ (83.0)	\$ 4,290.7
Cash Allocation:		
US Equity	\$ 51.1	\$ 4,219.8
Non-US Equity	\$ 16.1	\$ 615.2
US Debt	\$ 18.7	\$ (2,897.8)
Real Estate	\$ 103.5	\$ 489.4
Private Equity	\$ 57.3	\$ 541.8
Liquidity	\$ (329.7)	\$ 1,322.6
Total Cash Allocation	\$ (83.0)	\$ 4,290.9

* Indices reflect ex Tobacco returns beginning 9/1/2000

California State Teachers' Retirement System
Investment Structure
For the period ended January 31, 2003

Asset Allocation Percentage				
Assets	Actual	Target	Difference	Range
Public Equity	57.8%	61.0%	(3.2%)	56 - 68
Public Debt	32.5%	27.0%	5.5%	23 - 32
Real Estate	4.8%	6.0%	(1.2%)	3 - 9
Private Equity	5.0%	6.0%	(1.0%)	3 - 9
Total Investment Assets	100.0%	100.0%		
Which can be compared to the strategic targets				
Active - US Equity	8.2%	8.2%	0.0%	5-11
Passive - US Equity	30.0%	32.8%	(2.8%)	30-36
TOTAL US EQUITY	38.2%	41.0%	(2.8%)	38 - 44
Active - Non-US Equity	8.8%	10.0%	(1.2%)	7 - 14
Passive - Non-US Equity	10.8%	10.0%	0.8%	7 - 14
TOTAL NON-US EQUITY	19.6%	20.0%	(0.4%)	18 - 24
US DEBT	29.2%	26.0%	3.2%	23 - 29
LIQUIDITY	3.3%	1.0%	2.3%	0 - 3
REAL ESTATE	4.8%	6.0%	(1.2%)	3 - 9
PRIVATE EQUITY	5.0%	6.0%	(1.0%)	3 - 9
TOTAL INVESTMENT ASSETS	100.0%	100.0%		

California State Teachers' Retirement System
Investment Summary
For the Period Ended January 31, 2003

Currency Hedging - Market Value (amounts in millions)					
Managers	Pacific Basin		European		Total
Active International	\$ 2,153.84	1.2%	\$ 5,221.53	0.5%	\$7,375.36 0.7%
Passive International	\$ 2,459.16	13.5%	\$ 5,977.78	0.0%	\$8,436.93 3.9%
* Does not include emerging market securities, Canadian stocks, cash or accruals.					

Currency Realized Gains/(Losses) (amounts in millions)			
Managers	Currency Realized Gains/(Losses)		
	1 Month	1 Year	Since Inception
Active International	(\$2.45)	(\$4.02)	\$94.92
Passive International	\$0.88	(\$13.67)	\$604.99

Securities Lending Income			
Asset	Current Fiscal Year 07/02-01/03	vs.	Prior Fiscal Year 07/01-01/02
Domestic Equity	\$5,671,042		\$12,569,145
International Equity	\$13,087,833		\$18,077,434
US Treasury	\$15,383,971		\$22,462,307
Other Fixed Income Securities	\$1,805,403		\$1,720,368
Total Income	<u>\$35,948,249</u>		<u>\$54,829,254</u>

Securities Lending (On-Loan/Collateral Summary)			
Asset	Securities On-Loan	Collateral Valuation	Percent
Domestic Equity	\$2,104,983,522	\$2,218,897,148	105%
International Equity	\$3,790,175,111	\$3,992,477,542	105%
US Treasury	\$8,049,568,387	\$8,274,867,905	103%
Other Fixed Income Securities	\$921,026,907	\$941,298,876	102%
Total Value	<u>\$14,865,753,927</u>	<u>\$15,427,541,471</u>	104%

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value			Market Value	
	6/30/02	Market %		12/31/02	Market %
Liquidity					
CalSTRS - Cash Allocation	1,117,989,679			3,164,387,195	
CalSTRS - US Cash Equitization	115,002,961			104,021,165	
Total Liquidity	1,232,992,640	1.28%		3,268,408,360	3.55%
US Equity					
Active					
Ariel Capital	532,884,490			494,087,860	
BGI - Enhanced	675,540,373			717,344,460	
Brown Capital Management	294,756,056			254,148,308	
Chicago Equity Partners	442,361,062			500,441,954	
Delaware Investment Adv	449,266,098			394,810,638	
Delphi Management, Inc	235,518,707			225,814,636	
Denver Investment Advisors	560,018,659			513,049,394	
DSI International Management	575,461,047			621,041,255	
First Quadrant	549,159,707			584,224,028	
Mellon Capital Management	473,247,024			528,281,308	
NCM Capital Management	356,709,433			325,821,278	
Putnam Investments	258,096,801			229,103,293	
Sasco Capital	856,488,081			737,955,316	
SSgA - Enhanced	729,127,845			759,103,395	
TCW Asset Manangement Co	196,282,326			169,576,059	
UBS Global Asset Mgmt - USEQ	572,647,452			517,776,991	
Passive					
BGI R1000	13,408,281,209			12,893,355,927	
BGI R2000	1,046,298,904			931,532,342	
CalSTRS R1000	13,434,186,046			12,902,766,898	
SSgA R2000	1,040,110,237			931,936,485	
Transition					
CalSTRS - USEQ	1,200,256,510			258,300	
Total US Equity	37,886,698,067	39.18%		35,232,430,125	38.27%
Non-US Equity					
Active					
Bank of Ireland Asset Management	794,666,110			670,719,261	
Battery March Financial Mgmt Inc.	594,781,961			522,678,890	
Blackrock, Inc.	245,791,581			212,962,160	
Capital Guardian Trust	1,134,873,092			979,933,102	
Delaware Int'l Advisors Inc.	490,048,938			426,173,910	
Fidelity Management Co.	447,759,714			393,624,340	
Fiduciary Trust	585,003,636			491,171,754	
Goldman Sachs Asset Mgmt	330,412,813			283,180,105	
Lazard Freres	810,387,836			719,492,670	
Marvin & Palmer Assoc, Inc.	366,485,059			298,317,015	
Morgan Stanley	855,483,374			740,452,574	
Newport Pacific Mgmt	226,689,419			195,727,433	
Nicholas-Applegate Capital Mgmt	400,602,515			334,199,372	
Oechsle International	1,012,123,187			900,848,115	

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value		Market Value	
	6/30/02	Market %	12/31/02	Market %
Schroder Capital	502,487,767		439,538,501	
UBS Global Asset Mgmt - Non-USEQ	776,002,986		669,788,278	
Passive				
BGI - EAFE Index	6,184,994,868		5,305,002,466	
SSgA - EAFE Index	4,085,516,281		3,509,081,830	
SSgA - Emerging Market Index	1,374,711,120		1,267,163,846	
Transition				
CalSTRS - Non-USEQ	892,441		41,840	
Total Non-US Equity	21,219,714,698	21.94%	18,360,097,462	19.94%
US Debt				
CalSTRS - Asset Backed	0		105,879,277	
CalSTRS - CMBS	0		70,797,966	
CalSTRS - Corporate Bond Index	9,149,184,318		7,693,888,024	
CalSTRS - Mortgage Bkd Security	8,330,120,492		8,531,619,263	
CalSTRS - Mortgage Loan	775,572,423		692,136,973	
CalSTRS - US Treasury & Agency	8,027,138,704		8,306,264,734	
Hartford Investment Mgmt	283,852,633		291,328,713	
MW Post Advisory Group	197,001,920		207,586,847	
Seix Investment Advisors	302,019,496		315,942,163	
Shenkman Capital Mgmt	0		100,930,032	
Total US Debt	27,064,889,987	27.99%	26,316,373,992	28.58%
Real Estate				
CalSTRS - Real Estate Leverage	1		(739,348,384)	
CB Richard Ellis	1,483,817,472		1,528,380,696	
Clarion Partners, LLC	404,885,523		411,558,465	
Heitman Capital Management	372,049,122		371,686,240	
Lend Lease	1,032,761,076		1,041,221,682	
Lowe Enterprises Inv Mgmt	152,458,374		155,345,681	
Sentinel Realty Advisors	40,364,292		65,419,033	
Special Situations	457,235,584		606,694,343	
SSR Realty Advisors	504,703,404		793,783,668	
Thomas Properties Group	252,166,640		247,775,973	
Transition				
CalSTRS - Real Estate	333,811,573		0	
Total Real Estate	5,034,253,062	5.21%	4,482,517,397	4.87%
Private Equity				
CalSTRS - Distributed Stock	3,600,758		2,485,135	
Limited Partnerships	4,253,767,275		4,403,435,088	
Total Private Equity	4,257,368,033	4.40%	4,405,920,223	4.79%
Grand Total	96,695,916,488	100.00%	92,065,747,559	100.00%

PLEASE NOTE:

All Figures Include Accruals

The Information contained in this report is UNAUDITED

The Internally Managed Cash Collateral Portfolio is NOT included above.

The Net Asset Value as of 12/31/2002 is \$6,302,160,134